



Weigel Stores, Inc.  
Corporate Office  
3100 Weigel Lane  
Powell, TN 37849

January 26, 2011

The Honorable Ben Bernanke, Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Chairman Bernanke:

On behalf of the retail industry, including restaurants, supermarkets, convenience stores, drug stores, and many others, we are writing to express our gratitude for the time and thoughtful consideration the Federal Reserve Board of Governors and Federal Reserve Board Payments staff have dedicated to the proposed regulations on debit card interchange fees and routing.

The proposed debit card interchange fee and routing reforms are a positive first step toward creating competition and certainty in the debit card market. We were pleased to see the Board acknowledge that initially interchange fees flowed to the merchant from the card issuer. There is no reason for interchange to flow from merchants to card issuers as those issuers save money on every debit card transaction because it is already cheaper than a check transaction. For this reason, among others, the final rules can move further toward the check system that has served the nation and the economy very well for many years without interchange fees.

The current debit card system, riddled with uncertainty, has made it extremely difficult for us to plan for our businesses. We are confident the final debit card reforms the Federal Reserve will issue this April will take us one step closer to fair and transparent debit card fees, and will provide much-needed certainty as we plan ahead, budget, and make hiring decisions.

We also look forward to the end of exclusive network arrangements, which should open the door to competition that will benefit both merchants and consumers on all debit transactions -- whether those transactions are initiated by entering a PIN, signing or by any other method. We have watched our cost of accepting debit cards

increase year after year powerless to impact or even predict what these cost increases will be. These debit fees have continued to increase since the Dodd-Frank Wall Street Reform bill was enacted – further proof we are subject to a broken payments card market.

As business-people, we compete for customers on price and service. The card companies, however, have centrally set interchange fees for over a decade, and have increased these fees with complete disregard to the impact on merchants and consumers. As with other costs, we expected these fees to decrease with technology improvements, but that has not been the case. Now, with debit cards rapidly replacing paper checks, the card companies have more opportunities to abuse their position.

The current system of unchecked central price-fixing by the card companies has led to an inefficient market with complex and unpredictable rates, and we look forward to the implementation of the debit interchange fee and routing reforms this summer that will provide much-needed relief to Main Street businesses and our customers. We understand that some of the big banks who benefit from these excessive fees want to delay your work and are willing to take extreme measures to attempt to do so. If they are successful it will simply allow them to further injure retailers, consumers and our economy as a whole with their anti-competitive behavior. We urge you to move forward to implement these reforms and continue to move toward the beneficial model set by the check system.

Thank you again for your diligent work. If there is any way in which we can be helpful as you finalize these regulations, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill", written in black ink.

William B. Weigel  
Chairman